

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 L-03 H-02 PA-01 PRS-01 /104 W

----- 092836

R 111612Z MAR 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 0904

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY TOKYO

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PARIS FOR UNDER SECRETARY ROBINSON

E.O. 11652: N/A

TAGS: USEGJC EAID IMF

SUBJECT: ASSISTANCE TO EGYPT: IMF STANDBY

1. IMF DELEGATION (DICKIE) REPORTS THAT STANDBY AGREEMENT IS A DISTINCT POSSIBILITY. SERIES OF MEETINGS WITH ECONOMICS MINISTRIES, PRIMIN AND PRESIDENT SADAT (AFTERNOON OF MARCH 11) INDICATE THAT POLITICAL WILL APPEARS SUFFICIENTLY STRONG TO PERMIT CONCLUSION OF A STANDBY IN COMING FEW DAYS.

2. THERE IS FAR LESS LIKELIHOOD FOR EXTENDED FACILITY, NOT BECAUSE THERE IS SIGNIFICANT DIFFERENCE IN MEASURES REQUIRED, ACCORDING TO DICKIE, BUT BECAUSE GOE IS UNABLE AT THIS STAGE TO UNDERTAKE A THREE-YEAR COMMITMENT, PARTICULARLY SINCE FIVE YEAR PLAN IS STILL FAR FROM COMPLETED.

3. DICKIE SAYS THAT FUND (HAS BEEN TOUGH, AND HAS BEEN DEMANDED IMPLEMENTATION OF CERTAIN REFORM MEASURES WITHOUT DELAY

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(DICKIE SAID NO GRADUALISM), E.G. STARTS IN SUBSIDY REDUCTIONS

ARE REQUIRED NOW WITH MOVES ON PRICE RATIONALIZATIONS AS SOON AS  
CURRENT INVENTORIES HAVE BEEN DRAWN DOWN.

4. DICKIE SAID THERE HAS EVIDENTLY BEEN A MARKED CHANGE IN  
THINKING AT HIGHER LEVELS OF GOE. WHILE HE FELT THAT  
PRESIDENT SADAT'S VISIT TO GULF STATES MAY HAVE BEEN ONE  
IMPORTANT FACTOR IN BRINING CHANGE ABOUT, HE GAVE  
SIGNIFICANT CREDIT TO EFFORTS OF USG, PARTICULARLY  
UNDER SECRETARY ROBINSON.

5. HAVING BEEN TEMPERED IN CRIUCIBLE OF EGYPTIAN GOVERNMENT  
FIRES, DICKIE ADMITS THERE IS POSSIBILITY THAT ENTIRE  
SCHEME MAY YET COLLAPSE. HE IS NONETHLESS OPTIMISTIC,  
ITSELF A MARKED CHANGE FROM HIS ATTITUDE OF TWO WEEKS AGO.  
EILTS

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
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